

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FCSC-01 EB-07 COME-00 TRSE-00 OMB-01

CIAE-00 INR-07 NSAE-00 L-03 SS-15 NSC-05 SSO-00

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC IMMEDIATE 3320

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E.O. 11652: N/A

TAGS: EFIN, HU

SUBJ: HUNGARIAN CLAIMS AGREEMENT ASSESSMENT

REF A: BUDAPEST 1551

B: BUDAPEST 1445

C: BUDAPEST 1324

1. MFA PRESENTED NOTE TO EMBASSY MAY 23 RELATING TO CURRENT HUNGARIAN PAYMENT ON CLAIMS AGREEMENT. TEXT OF NOTE AS FOLLOWS:

2. BEGIN QUOTE: FROM THE LIST ATTACHED TO THE NOTE NO. 117 WHICH SPECIFIES THE HUNGARIAN EXPORT TO THE UNITED STATES BY MAIN ITEMS IT COULD BE ESTABLISHED THAT THE LARGE DISCREPANCY BETWEEN THE ROUND \$75.4 MILLION IMPORTS FROM HUNGARY TO THE USA FIGURING IN THE "US DEPARTMENT OF COMMERCE: FT 990 HIGHLIGHTS OF US EXPORT AND IMPORT TRADE" AND THE \$26.6 MILLION SHOWN IN THE OFFICIAL HUNGARIAN PUBLICATION AS EXPORTS TO THE USA IS CAUSED BY THE FIRST ITEM OF THE ABOVE MENTIONED LIST."

3. THE HUNGARIAN PARTY DISAGREES WITH THE INCLUSION OF THIS ITEM INTO THE HUNGARIAN EXPORT FOR SEVERAL REASONS:

A. THE STANDARD INTERNATIONAL TRADE CLASSIFICATION

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SHOWS UNDER 89605 THE COMMODITIES CLASSIFIED AS

"NATURALIST'S COLLECTIONS, COLLECTORS' PIECES OF NUMISMATIC INTEREST." OBVIOUSLY, UNDER THIS TITLE ONLY SUCH PIECES OF NUMISMATIC INTEREST CAN BE SHOWN, WHICH ARE MINTED OF METALS OTHER THAN GOLD OR SILVER. NAMELY, ACCORDING TO PAGE VII. OF THE SITC/SER.M.NO. 34, REVISED EDITION, 1961/ "SINCE THEIR MOVEMENT AFFECTS MONETARY RATHER THAN MATERIAL SOURCES, GOLD TOGETHER WITH CURRENCY AND TITLES OF OWNERSHIP AFTER THEIR ISSUE INTO CIRCULATION ARE EXCLUDED FROM THE STATISTICS/BUT ALL KINDS OF SILVER, EXCEPT OF SILVER COIN AFTER ITS ISSUE, ARE INCLUDED/."

B. ON THE OTHER HAND, IT IS NOT JUSTIFIED TO SHOW COINS MADE OF ANY METAL IN THE COMPILATION SINCE TO THE KNOWLEDGE OF THE HUNGARIAN PARTY THE FOREIGN TRADE IN COINS IS NOT INCLUDED INTO THE FOREIGN TRADE STATISTICS OF THE UNITED STATES OF AMERICA. ACCORDING TO CHAPTER II. OF "US DEPARTMENT TRADE OF COMMERCE GUIDE TO FOREIGN TRADE STATISTICS, 1972" /PAGE 2/ "THE STATISTICS EXCLUDE THE FOLLOWING: ISSUED MONETARY COINS OF ALL COMPONENT METALS:"

C. IF THE SUM OF \$50.6 MILLION UNDER ITEM 89605 COMPRISSES -- AS IS ASSUMED -- GOLD COINS, THE ATTENTION WILL KINDLYBE CALLED REPEATEDLY TO THE FACT ALREADY MENTIONED IN THE NOTE NO. 2556/3/1975 FROM MAY 2ND, 1975 OF THE MINISTRY OF FOREIGN AFFAIRS OF THE HUNGARIAN PEOPLE'S REPUBLIC THAT NEITHER THE BASIC MATERIAL OF THE COINS, I.E., THE GOLD BULLION, RESP. THE PLANCHETS, NOR THE COINS THEMSELVES IN QUESTION HAVE EVER CONSTITUTED HUNGARIAN PROPERTY AND THUS THE HUNGARIAN PEOPLE'S REPLUBLIC HAS HAD NO EXPORT RECEIPTS REGARDING THEIR GOLD VALUE EITHER FROM THE USA OR FROM ELSEWHERE. THIS IS PROVED AS WELL BY ARTICLE 7 OF THE RESPECTING CONTRACT. THE HUNGARIAN NATIONAL BANK IS READY TO RENDER POSSIBLE FOR OFFICIALS AUTHORIZED BY THE EMBASSY OF THE UNITED STATES OF AMERICA TO OBTAIN AN INSIGHT INTO IT. THE GOLD BULLION AND THE PLANCHETS USED FOR STAMPING THE COINS HAD NOT BEEN CAST AND MANUFACTURED IN HUNGARY, ONLY THE LAST PHASE OF THE WHOLE PROCESS, I.E., THE STAMPING ITSELF, TOOK PLACE IN THIS COUNTRY. FOR THIS ONLY A FEE HAS BEEN OBTAINED, WHICH REPRESENTED ABOUT 3 PERCENT OF THE VALUE OF THE COINS.

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4. THE MINISTRY OF FOREIGN AFFAIRS REQUESTS THE EMBASSY OF THE UNITED STATES OF AMERICA TO TAKE THE NECESSARY MEASURES FOR THE CORRECTION OF THE STATISTICAL DATA RECORDED IN THE ENCLOSURE OF THE EMBASSY'S NOTE NO. 117 OF MAY 12, 1975 IN ACCORDANCE WITH THE ABOVE EXPLANATION.

5. AN EARLY NOTIFICATION ON THIS SUBJECT WOULD BE
HIGHLY APPRECIATED." END OF NOTE.

6. COMMENT: IF MFA NOTE VARIES TO SOME DEGREE WITH
PRESENTATION ON SUBJECT GIVEN TO AMBASSADOR BY NATIONAL
BANK CHAIRMAN LASZLO (REFTEL A), ASSUME DISCREPANCIES
RESULT OF EITHER SHORTCOMINGS IN INTERPRETATION OF LASZLO'S
REMARKS OR FACT THAT LASZLO HIMSELF HAD NOT COMPLETELY
ABSORBED HIS BRIEFING MATERIALS.

7. EMBASSY REQUESTS DEPT GUIDANCE SOONEST TO ENABLE US
TO REPLY TO MFA ON OR BEFORE MAY 30.

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Message Attributes

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Margaret P. Grafeld
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